

EUROPEAN UNION



Committee of the Regions

# The future of Common Agricultural Policy as seen by regions and cities



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## Foreword



**Ramón Luis Valcárcel Siso** (EPP/ES)  
First Vice-President  
of the Committee of the Regions

**Mercedes Bresso** (PES/IT)  
President of the Committee of the Regions

Of the three challenges that have been identified for the future common agricultural policy – food security, the production of environmental public goods, and balanced territorial development – it is, of course, the latter that is at the centre of the Committee of the Regions' concerns.

We consider that the economic, environmental and social development of each territory requires an integrated approach of public policy. That is why we have on several occasions called for better synergy between the EAFRD (European Agricultural Fund for Rural Development) and the other structural funds. The proposal that a Common Strategic Framework be created for the 2014-2020 programmes is therefore welcome. It will make the action, which must in any case remain straightforward and free from excessive red tape, more effective.

We think that this Framework offers rural areas and Europe's regions three things: that the strategic programming will be better suited to local diversity; that the implementation will be better coordinated; and that the management will be simpler.

However, if this is to work in practice, there are several more hurdles to overcome. For example, the possibility given to Member States to adopt multi-fund operational pro-

grammes involving the ERDF (European Regional Development Fund), the ESF (European Social Fund) or the Cohesion Fund, should also involve the EAFRD for the much-talked-about ITIs (integrated territorial investments) and not just CLLD (community led local development). If one looks carefully at the list of areas in which the funds can be used, overlaps in areas such as energy efficiency and ICT become apparent. In practical terms, the danger is that such overlaps could encourage managing authorities to go back to sector-by-sector approaches, which is not a good thing. Finally, we need to be sure that the way in which part-

nership contracts are drawn up will enable those involved in rural development to be heard at least as much as other socio-economic actors.

In more general terms, as will be explained in this brochure setting out the Committee of the Regions' position, we are keen to give the future CAP an ambitious role in achieving all the aims of the Europe 2020 strategy and in exercising the European Union's new powers in relation to cohesion. This is a very stimulating challenge that we, on behalf of local and regional authorities and in partnership with all the interested parties, are ready to face.





# The European Commission proposal of 12 October 2011

## The future of our food and our countryside – a strategic choice for Europe



**Dacian Cioloș**  
*EU Commissioner for Agriculture  
and Rural Development*

We are at a turning point in one of the biggest policies of the European Union: the Common Agricultural Policy. We must produce more and better, yet with fewer resources and in more difficult conditions than ever before - adapting to the effects of globalisation, mitigating the impact of climate change, addressing the demographic challenges. During this period of economic downturn and budgetary austerity, the agri-food industry in Europe can provide a major boost for jobs and growth. To ensure this, farmers need support, need stability, need a coherent tool-box to fight economic turmoil and price volatility. Moreover, the EU has a wide range of types of farms, and types of agriculture, with specific inherent advantages and disadvantages, with islands and mountains, with a broad variety of traditions and agricultural practices. The Common Agricultural Policy has to take into account the new realities and the diversity of farming across Europe.

This is the starting point of the proposals for the new Common Agricultural Policy. Its objective is to promote a resilient, competitive and diverse European farming sector.

The new CAP will continue to support farmer's income, which is still well below the average in other sectors of the economy. We can no longer justify direct payments based on historic references that go back a decade ago. This is why we propose to move towards a flat-rate payment per hectare in each region or member state. This approach will also reduce discrepancies in the subsidies received by farmers in dif-

ferent member states or in different regions, putting this policy on a fairer, forward-looking basis.

One of the lessons learnt over years is that support for farmers needs to be better tailored to objective needs. For years, the CAP has been criticised for giving disproportionate subsidies from public money to economic operations that may not really need it. With the economic crisis, with taxpayers shouldering heavy burdens throughout Europe, this argument is becoming even more acute. Our support to our farmers has to be socially acceptable. With the reform of the CAP, we propose to introduce tighter rules on capping and active farmers. The idea is to limit the large, unconditional payments or to have better targeted payments towards, for example, innovation and other measures increasing competitiveness.

The CAP reform aims at strengthening the competitiveness and sustainability of agriculture in the European Union.

We remain committed to a market-oriented agriculture – building on the progress made in the past 20 years. The decoupling of subsidies remains at the core of our policy. Of course, there still will be investment grants available under Rural Development. We are strengthening our Farm Advisory Services, to help farmers respond to new challenges, such as adapting to climate change. We will have a Rural Development policy which will address the challenge of innovation more than ever before, as well as continuing investment and structural change. For young farm-

ers, there will be a higher direct payment for new entrants, as well as start-up grants. We will have an improved organisation of the markets but also a more rapid response mechanism, and measures to boost producer organisations. These are key elements to ensure the competitiveness of agriculture in the longer term.

But sustainability means also taking our responsibility for the protection of environment and management of natural resources.

The European Commission proposed that 30% of the direct payments received by farmers will be linked to respecting certain agricultural practices beneficial for the climate and the environment. Crop diversification, maintaining permanent pastures, maintaining an ecological focus area, have beneficial effects on the quality of the soil, retention of water and organic matter, carbon sequestration, preserving biodiversity and better using the existent

landscape features. The key point with these agricultural practices linked with direct payments is to have a real impact at European level. And we can have it only if we ask every single farmer in the EU to employ these practices.

Otherwise, the cost of doing nothing would be too high. We are already losing 275 hectares of soil per day in the EU because of soil sealing and associated land intake. This means that over 100,000 hectares per year are lost for farming. Soil biodiversity is threatened by soil acidification, which is modifying the soil ecosystem and reducing crop yields. Intensive use of irrigation – beyond related problems of water scarcity – accelerates the salinisation of the soils, thereby affecting again soil productivity. The application of these environmentally friendly agricultural practices by all farmers in the EU is a long-term investment in a sustainable competitiveness.

But to make the CAP work better, we

have to reach yet another objective: simplification. In all the measures and tools that we are proposing with the new CAP, we take into account the need to simplify the implementation of this policy. To give just an example, for the direct payments we put forward a simple tool, for administrations and for farmers alike, that is a single new system with simplified management and a flat rate payment for small farmers.

This would be just in a few lines an overview of a few elements we put forward within the CAP reform package presented in October last year. The debate is ongoing and I appreciate the Committee of the Regions' involvement in this debate. At the end of the day, I am convinced that with the involvement of all stakeholders, we will find the right balance between the three strategic goals for European agriculture: economic sustainability, environmental sustainability and social acceptability.



# The Committee of the Regions' contribution to the future of the CAP after 2013

## The CoR's political position



**René Souchon** (PES/FR),  
President of the Auvergne Region,  
Rapporteur of the Committee of the  
Regions on the future of CAP after 2013

*The Committee of the Regions believes that while some of the proposals on the Common Agricultural Policy (CAP) adopted on 12 October 2011 for 2014-2020 are a step in the right direction, it still seems a long way from the in-depth reform which was expected and which is essential for maintaining European agriculture and rural areas.*

This legislative package is a political priority for the Committee of the Regions, since rural development is an important tool for achieving the territorial cohesion goal enshrined in the Lisbon Treaty. This explains the Committee of the Region's strong response to reform of the CAP, which has been gaining in intensity since its own-initiative opinion on the future CAP was drafted in 2010, followed by its response in 2011 to the Commission's communication on the CAP 2020 and, finally, the adop-

tion of an opinion on the European Commission's legislative proposals on 4 May 2012.

The Committee of the Regions is arguing for the European Union to reform the CAP without reducing its scope. This means, first and foremost, maintaining a budget that reflects the goals set by the European Commission for the CAP, in terms of sustainable management of natural resources, food security, the maintenance of farming across Europe, the competitiveness of European farming and the simplification of the CAP.

Over and above financial considerations, the Committee of the Regions also intends to put forward the views of local and regional authorities on the following points, which are likewise at the centre of ongoing discussions at the European Parliament and the Council:





- **A fairer CAP.** The current unfair distribution of support between farmers, but also between regions and Member States, is creating a sense of injustice that is damaging the social acceptability of the CAP. The Committee of the Regions calls for:

- a re-balancing of support for livestock-rearing areas, areas with natural constraints, and newly established and small farmers;
- a reduction in the degressivity threshold and cap to EUR 100 000 and EUR 200 000 respectively, including the 30% support for greening, given that the thresholds currently proposed would only allow 1.3% of the basic payments to be redistributed within the European Union;
- steps to speed up the timetable for the convergence of support between Member States.

- **A proper market regulation policy.** The market regulation measures put forward by the Commission are very disappointing and may prove ineffective because they do not address the real causes of price instability. On the contrary, by signing new bilateral trade agreements, the European Union is helping to undermine European farming systems. The Committee of the Regions feels that the Commission is making a strategic error in focusing on crisis management after the event instead of an upstream regulation that would enable price volatility to be tackled more effectively and at a lower cost. It calls for:

- territorial assessment studies on the consequences of abolishing quotas and production rights before going any further towards removing the various quota systems;
- efforts to safeguard the Community preference mechanisms and promote intervention and storage mechanisms which are preferable to developing insurance systems;
- steps to make European trade policy compatible with the market stabilisation goals set out in the Lisbon Treaty;
- a reform of competition law to



redress the balance of power within the food production chain in favour of producers, in order to achieve the food security objective established by the Commission.

- **A European rural development strategy** for re-balancing resources for rural areas whose development level is still below the EU average and often well below predominantly urban areas. This is all the more worrying since the gap widened between 2000 and 2007, mainly because the capitals and large cities developed more quickly over this period. The challenges faced by rural areas call for a full, balanced package of measures to be implemented to support smart, sustainable and also inclusive growth. The Committee of the Regions considers it essential:

- to earmark adequate funding under the EAFRD for developing local infrastructures in rural areas;
- to put aside 10 % of the EAFRD budget for agronomic innovation to ensure that the production model can be changed;
- to guarantee municipalities in rural areas access to regional policy funds in the knowledge that during the previous programming period (2007-2013), EUR 91 billion in funding for rural development came from the ERDF and EUR 85 billion came from the other structural funds. The new ERDF regulation, however, basically focuses on urban areas and does not even mention rural areas.

- **A new system of governance for the CAP.** Rural areas and com-

munities can no longer be content with merely being co-financers without being involved in the choice of priorities and implementation and management arrangements. Nowadays only they can direct support in keeping with agricultural, environmental and regional characteristics and thus allow European funds to be used more effectively. Implementing a framework of multi-level governance – European, national and regional – is a vital condition for the successful reformulation of the CAP after 2013. The Committee of the Regions calls for :

- the full involvement of representatives of rural regions in drafting partnership contracts;
- a representative of local and regional authorities to sit on the Committee for Rural Development that will assist the Commission with the adoption of delegated acts;
- a review of the composition of the consultative groups at the Directorate-General for Agriculture and Rural Development in order to ensure that these groups are more representative of rural areas;
- payments for agricultural climate- and environmentally-friendly practices which could lead to territorial contracts signed jointly by regional authorities and groups of farmers, so that these measures are perfectly adapted to local agronomic, environmental and socio-economic realities on the ground.

## The ongoing debate: the voice of CoR's members

### Towards a renewed CAP: how to realise the potential of areas with a permanent natural handicap?



**Luis Durnwalder** (EPP/IT),  
Chairman of the Bolzano Autonomous  
Provincial Executive, Rapporteur  
of the Committee of the Regions  
on the CAP towards 2020

*Areas that are said to have a “permanent natural handicaps” have climate or geographical constraints that place them at a competitive disadvantage on national, European, and global markets. In fact, these regions, which make up 57% of the agricultural area of the European Union, cannot compete solely in terms of production costs. However, it is essential to maintain agricultural production potential in these areas with a permanent natural handicap so as to preserve the food production capacity of the European Union and safeguard the European model of agriculture in all its diversity.*

**Do you think that measures proposed by the EC will allow the preservation of agriculture in these areas?**

As stated throughout my three latest opinions since 2008 areas with natural handicaps have to face serious disadvantages, but need to be considered at the same time precious elements of European culture and identity for tourism, biodiversity and live quality in general. The new proposals of the EU Commission are going in the right direction because more attention is devoted to areas with natural and specific constraints and

the measures provided help supporting farmers in these areas. But there are two major problems for areas with natural and specific constraints:

- 1) The farms in these areas are small-structured and therefore do not receive sufficient support within the first pillar, where area based criteria are crucial.
- 2) The costs for administration and administrative controls for these farms are too high in comparison to the contributions paid per single farm. In this respect, the small farmers scheme is a step in the right direction but still needs to go further to be effective.

**Do you consider that the new definition of areas with natural and specific constraints proposed by the EC is appropriate?**

A revision of the current criteria is very important and crucial for the future program but the new definition proposed by the EC is not satisfactory. Therefore, it should not come into effect with the start of the new program in 2014.

## What policies does Europe have for the harmonious development of rural areas?



**Jerzy Zająkala** (UEN-EA/PL),  
Mayor of Łubianka,

President of the European Alliance Group on  
the future of the Common Agriculture Policy

*In terms of the cohesion of the EU-27, the diversity or heterogeneity of rural areas represents a genuine cause for concern. The fifth report on economic, social and territorial cohesion, which was published in November 2010, in particular has highlighted the socio-economic divergence between Europe's various regions and the new dynamics at play: despite the degree of catching up achieved by largely rural areas, their level of development still remains below the EU average, and far below that of predominantly urban areas.*

**Do you think that the new architecture of the second pillar of the CAP proposed by the EC is adapted to the new challenges facing by rural areas?**

It is vitally important that the EU has a very strong Common Agriculture Policy, which ensures 'food security', quality and diversity of food and creating local employment, and we will contribute to developing ideas to ensure this is the case. As a representative of the Union of Rural Communes of the Republic of Poland and President of EA Group, I am in favour of assuring sufficient resources for the development of rural areas. We consider that it is crucial to reserve sufficient EAFRD funds for the development of local infrastructure in rural areas and to ensure that rural authorities have access to cohesion policy funds under the ERDF as part of a holistic rural development policy. Rural areas are concentrated inestimable richness, in terms of natural resources and cultural and historical heritage, as well as great potential for economic and social development. We should build on the experiences to help speed up the process of evening out the differ-

ences in local development and the living conditions of people in rural areas, a fact of life in a number of Member States and regions.

**Does the creation of the Common Strategic Framework for all structural funds will be enough to guarantee an appropriate funding of rural areas which represent roughly 91% of the territory of Europe and over 56% of the population of the 27 Member States?**

Balanced development means not only investments in both areas and in regions within the countries. It also means an equal empowerment of those areas to decide their development path. Rural-urban links should also be strengthened and a more integrated territorial approach developed within EU regions, including functional areas' strategies. A better balanced and sustainable development requires more policy attention on the regional level. This requires a new attitude among politicians from all levels. I am convinced that it is possible to overcome the rural areas lagging behind by appropriate use, empowerment and development of their endogenous development potentials by upholding the importance of small rural and agricultural areas as important elements of local economic and social development.

Taking this course of action to me reflects the most sensible approach as it takes into due consideration the sustainable development of both rural and urban areas. The best way to avoid social and economic problems is to ensure balanced concentration of resources between Urban and Rural areas.



## Create economically viable local food systems in rural areas



**Ossi Martikainen** (FI/ADLE),  
Chairman of Lapinlahti municipal council,  
rapporteur on distribution of food products  
to the most deprived persons in the  
Union and ALDE acting coordinator for  
Commission for Natural Resources

*The development of local food systems is particularly relevant for local and regional authorities as local food systems support the local and regional economy by providing employment in agriculture and food production, including processing, distribution, marketing and sales activities and service. These systems are of the utmost importance in remote rural areas, peri-urban areas, mountainous areas, vulnerable areas and underprivileged areas.*

**How local and regional authorities could be better involved in the drawing up and in the implementation of thematic sub-programmes on local food system under the second pillar?**

It is vital for local and regional authorities – in their capacity as co-financers – to play a central role in implementing the Regulation on Rural Development, and I believe that an approach based on local and regional projects can ensure the more effective and efficient use of EU funds. Local and regional authorities should be involved in drafting partnership contracts.

**Which other measures could be proposed to insure a real development of local food systems?**

The European Commission should adopt definitions of “Local Food Products” and “Local Food Systems”, and introduce a new logo and identify a common symbol and scheme identity for local products, to be added to the Agriculture Product Quality Policy regulation; EC should also explore whether Article 26 of Directive 2004/18/EC on the coordination of procedures for the award of public contracts could be amended such that “locally produced” can be a standard selection criterion in tenders for the supply of food to, for instance, schools, nursing homes and public facilities. In general, I believe, that we need a more ambitious legislation and practices that provide accurate information on the origin of all food products. This would help the consumers and local authorities in their decision making.





# Comments from European Parliament members

## Shape European agriculture according to a vision for the future



**Luis Manuel Capoulas Santos**  
(S&D/PT),  
*Rapporteur of the European Parliament  
for the first and second pillar of CAP*

Europe is living exceptional times which reflect into the economic, financial, and environmental contexts and that demand a political response at all levels. Agriculture and the rural world is one of the levels: a bold reworking is needed if the common policies in question are to respond to present and future challenges.

European farmers must continue to have the means of ensuring that citizens can enjoy the necessary degree of self-sufficiency and hence obtain enough foodstuffs and commodities of acceptable quality at affordable prices.

This implies a need to reconcile farming with sustainable production and shape European agriculture according to a vision for the future, in which competitiveness must go hand in hand with sustainability, and, moreover, to the idea that sustainability does not boil down solely to the environmental component, but also has to do with the long-term economic and social viability of agriculture as such. To that extent, the transition to more environment-

friendly agriculture in Europe is a sine qua non condition for the sector's viability.

The new policy for agriculture and the rural world in Europe has to be based on the three-pronged approach of 'legitimacy, fairness, and efficiency', that is to say, resources must be assigned to ends recognised to be valuable by taxpayers and society, shared out as fairly as possible among farmers, regions, and Member States, and put to the most effective use in terms of achieving the desired results.

Taking into account the great diversity of European agriculture, which should be preserved, and the need to maintain a common legislative framework within which to implement agricultural and rural development policy, subsidiarity has to embody the right balance between these two dynamics. Furthermore, and without detracting from the imperatives of rigour in the use of public money, simplification must be reflected as fully as possible in all the regulations.

## Single Common Market Organisation: give farmers and sectors the means for addressing up-coming challenges



**Michel Dantin** (EEP/FR),  
Rapporteur of the European Parliament  
on single Common Market Organisation

Give farmers and sectors the means for addressing the challenges of volatile agricultural prices by allowing them to be more effective in terms of crisis management and prevention and also allowing them to create organisations to achieve a more effective dialogue within the food chain and a fairer distribution of added value.

This is the logic I have followed in drawing up my draft report on reform of the single CMO.

This desire to put the professional stakeholders back at the heart of our agricultural policy seems absolutely essential at a time when the public authorities have confirmed their wish to step back from the “day-to-day” management of agricultural markets and provide no more than a “safety-

net”. This clearly requires a substantial strengthening of the responsibilities of producer organisations and a broadening of the tasks entrusted to inter-branch organisations

This approach also calls for the fundamental and thorny topic of applying competition law to farming and agrifood activities to be discussed.

It is therefore a question of giving substance to the Treaty which has recognised the specific position of agriculture as regards competition law since 1957 without responding with any concrete measures until now. The paradigms of competition should take greater account of the specific characteristics of the farming and agrifood sectors.





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## Committee of the Regions

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